

Message Text

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ORIGIN ARA-10

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C O N F I D E N T I A L STATE 117143

E.O. 11652:GDS

TAGS: PFOR, PN

SUBJECT: U.S.-PANAMA TREATY NEGOTIATIONS; WEEKLY ACTIVITIES
REPORT - MAY 14 - MAY 20

1. MAY ROUND. FOLLOWING SEVERAL DAYS OF CONSULTATIONS IN PANAMA, PANAMA'S NEGOTIATORS RETURNED WITH AN AUGMENTED TEAM TO WASHINGTON MAY 17 TO CONTINUE THE MAY ROUND. THE CHIEF NEGOTIATORS MET MAY 18, 19 AND 20 AND THE TECHNICAL TEAM HELD MEETINGS MAY 18 AND 20. SUBJECTS UNDER
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DISCUSSION INCLUDED LANDS AND WATERS, NEUTRALITY, THE ENTITY AND EMPLOYEE RIGHTS. THE SESSIONS WILL RECONVENE MAY 23.

2. MEDIA COVERAGE. WASHINGTON POST STORY ON MAY 17 STATED THAT GENERAL TORRIJOS HAD SAID IN INTERVIEW THAT HE WOULD LET U.S. HELP GUARANTEE THE CANAL'S NEUTRALITY AFTER

IT PASSES UNDER PANAMANIAN CONTROL. THE ARTICLE STATED TORRIJOS HAD INDICATED THAT HE HAD CONCURRED IN U.S. DEFENSE ROLE AFTER THE EXPIRATION OF A NEW TREATY "PRESUMABLY IN THE YEAR 2000."

WASHINGTON POST ON MAY 18 CARRIED EDITORIAL BASED ON PREVIOUS DAY'S STORY SPECULATING ON TORRIJOS' ATTITUDE AS A BREAKTHROUGH IN THE NEGOTIATIONS. THE SAME EDITION OF THE

POST CARRIED VEHEMENT DENIAL BY TORRIJOS THAT HE HAD GIVEN INTERVIEW OR MADE COMMENTS ATTRIBUTED TO HIM.

N.Y. TIMES ON MAY 18 HAD STORY BASED ON PREVIOUS DAY'S POST STORY SAYING THAT PANAMA WAS APPARENTLY RELAXING ITS STAND ON U.S. PRESENCE.

POST ON MAY 19 CARRIED STORY BY WRITER MARLISE SIMONS WHO BY-LINED ORIGINAL TORRIJOS INTERVIEW GIVING DETAILS

OF INTERVIEW AND STATING THAT THERE WERE OTHER JOURNALISTS PRESENT WHO COULD CORROBORATE HER STORY. SAME ISSUE OF POST HAD HERBLOCK CARTOON SHOWING A SHIP IDENTIFIED AS CANAL ZONE NEGOTIATIONS ON THE ROCKS OF A NEAR WATER-LESS RIVER WITH TWO MEN ON RIVER BANK WITH A CANNON, AND U.S. CAPITOL IN BACKGROUND THE CARTOON WAS CAPTIONED "IF THEY THINK THE CANAL IS TOUGH, WAIT TILL THEY TRY COMING UP THE POTOMAC."

3. PRESIDENT CARTER RECEIVES CREDENTIALS FROM AMBASSADOR
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LEWIS. ON MAY 16, AMBASSADOR LEWIS PRESENTED HIS CREDENTIALS TO PRESIDENT CARTER AND BECAME THE AMBASSADOR E&P TO THE UNITED STATES. LEWIS WAS OBVIOUSLY PLEASED THAT THE CEREMONY HAD BEEN ARRANGED QUICKLY AFTER HIS ARRIVAL IN WASHINGTON AND WITH THE ATTENTION HE HAD BEEN GIVEN. STATEMENTS DURING THE CEREMONY EXPRESSED THE HOPE THAT A TREATY SATISFYING THE REQUIREMENTS OF BOTH NATIONS COULD BE SUCCESSFULLY CONCLUDED QUICKLY.

4. METCALFE STATEMENT ON CANAL NEGOTIATIONS. IN A MAJOR STATEMENT IN THE HOUSE OF REPRESENTATIVES MAY 19 PANAMA CANAL SUBCOMMITTEE CHAIRMAN METCALFE (D-ILL.) CONCLUDED THAT A SETTLEMENT MEETING THE INTERESTS OF BOTH THE U.S. AND PANAMA SHOULD BE POSSIBLE AS A RESULT OF THE ONGOING CANAL TALKS BETWEEN THE TWO COUNTRIES. METCALFE'S LENGTHY STATEMENT (NINE PAGES IN THE CONGRESSIONAL RECORD) REVIEWED ALL ASPECTS OF THE CANAL ISSUE AND CONCLUDED THAT FOR THE U.S. THE REQUIREMENTS ARE A TREATY THAT INSURES

ACCESS TO THE CANAL AT REASONABLE TOLLS AND WHICH WILL NOT BE PERCEIVED AS A RETREAT UNDER PANAMANIAN PRESSURE OR AN ABANDONMENT OF U.S. RESPONSIBILITIES IN THE HEMISPHERE. IF THESE REQUIREMENTS ARE MET, METCALFE SAID, THE U.S. CAN TRANSFER MANY LANDS, WATERS AND GOVERNMENTAL SERVICES TO PANAMANIAN CONTROL, OPEN ALL CANAL JOBS TO PANAMANIANS, PROVIDE ADDITIONAL COMPENSATION TO PANAMA, AND ACCEPT A SYSTEM OF CANAL ADMINISTRATION MORE FLEXIBLE THAN THE

PRESENT CONCEPT OF PERPETUAL U.S. CONTROL

5. BARRO COLORADO BUDGET INCREASE FAILS. ON MAY 16 THE HOUSE OF REPRESENTATIVES FAILED TO APPROVE A PROPOSED INCREASE FROM \$350,000 TO \$750,000 IN THE BUDGET OF THE CANAL ZONE BIOLOGICAL AREA OPERATED BY THE SMITHSONIAN INSTITUTION. OPPOSITION TO THE MEASURE WAS LED BY REPS. SNYDER (R-KY.) AND DORAN (R-CAL.), TWO OF THE LEADING

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CRITICS OF THE CANAL TREATY NEGOTIATIONS. THEY CLAIMED THAT PROSPECTIVE TERMINATION OF U.S. SOVEREIGN RIGHTS IN THE CANAL ZONE UNDER A NEW TREATY WOULD SUBJECT THE SMITHSONIAN FACILITIES TO THE RISK OF SEIZURE OR EXORBITANT RENT FROM PANAMA. THE DECISION IS PROBABLY OF LITTLE SIGNIFICANCE AS AN INDICATOR OF HOUSE SENTIMENT TOWARD A NEW TREATY. IN FACT, THE BUDGET INCREASE RECEIVED A LARGE MAJORITY (245-141) BUT FAILED BECAUSE IT WAS BROUGHT UP UNDER RULES SUSPENSION, WHICH REQUIRES TWO-THIRDS FOR PASSAGE. CHRISTOPHER

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